

Teachers' Retirement Board
Investment Committee
OPEN SESSION

Subject: Activity Status Report -	Item Number: <u>10</u>
Credit Enhancement Program	Attachment(s): <u>2</u>
Action: _____	Date of Meeting: <u>April 1, 1998</u>
Information: <u>X</u>	Presenters: <u>Mr. Rose</u>

EXECUTIVE SUMMARY

STRS has been selected to provide a Master Letter of Credit totaling \$3.75 million to support First Class Food-Trojan Inc. of Los Angeles. STRS will be wrapping a bank. The transaction is expected to close in April, 1998.

STRS has been selected to provide credit enhancement supporting several transactions for the City of Pasadena. STRS will provide \$25.5 million (50% of the total) in credit facilities supporting the Rose Bowl projects and the Los Robles Parking facility, and \$20 million (50% of the total) in credit enhancement to support the Pasadena Fire and Police Retirement System (FPRS) pension obligation bonds. The Los Robles Parking facility project for \$9.9 million has closed. The remaining enhancements are expected to close in April/May of 1998.

The Western Waste & Sanifill transactions (both companies since acquired by USA Waste), totaling \$14.8 million, are being refinanced with long term fixed rate debt. The STRS commitment will expire over the next several months.

1. First Class Food - Trojan, Inc. Los Angeles, CA

First Class Food is a meat processing and distribution company located in Los Angeles, Ca. The proposed project site in the city of Los Angeles consists of approximately 13 acres of land with a vacant 224,000 square foot facility was used for the production and distribution of ice cream. FCF plans to renovate the existing facility and add refrigeration, insulation panels, racking, and lighting. FCF owns the site. All new equipment and processing will be in accordance with USDA standards. Project costs include the following: \$500,000 for land acquisition, \$2,750,000 for building acquisition and renovation, and \$675,000 for new

equipment acquisition and installation. Facility construction was scheduled to begin in February 1998 and conclude in February 1999. STRS will wrap another bank.

2. City of Pasadena - Pasadena, CA

STRS has been selected to provide \$45.5 million in credit enhancements for the City of Pasadena for the following transactions:

	AMOUNT (\$MIL)	STRS (\$MIL)
<i>ROSE BOWL (one LOC covers both issues)</i>		
1991 COPS (original issue of \$12.7 Mil)	\$10.6	\$5.3
1996 COPS (original issue of \$21.2 Mil)	\$20.6	\$10.3
<i>LOS ROBLES AVENUE PARKING FACILITY</i>		
1987 cops (original issue of \$20.2 Mil)	\$19.8	\$9.9
<i>PENSION OBLIGATION BONDS</i>		
Series 1998	\$40.0	\$20.0
<u>TOTAL</u>	\$91.0	\$45.5

The Los Robles LOC for \$9.9 million has closed. The Rose Bowl LOC and Pasadena Fire and Police Retirement System Pension Obligation Bonds are expected to close in April/May 1998.

3. Western Waste (Torrance, Ca) & Sanifill Inc (Novato Project) (Since acquired by USA Waste).

STRS provided letters of credit to support \$9.7 million in tax exempt pollution control bonds for Western Waste in 1994 and \$5.1 million in tax exempt pollution control bonds for Sanifill Inc. in 1995. USA Waste Industries acquired both of these entities over the past two years and is in the process of issuing new fixed rate securities to replace the outstanding commitments currently enhanced by STRS.

Over the next couple of months, these commitments will expire.

STRS CREDIT ENHANCEMENT PROGRAM
PROGRAM SUMMARY AS OF MARCH 16, 1998

Attachment 1
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Transactions	Type	Closing Date	End of Commitment	STRS Commitment	Interest	Total Commitment	Fiscal 1997 - 98 Fee Income	Fee Income To Date
Port of Long Beach	Liquidity	Jun-94	Feb-00	\$75,000,000	\$0	\$75,000,000	\$32,053	\$121,662
Bridge - Richmond Townhomes	Credit	Aug-94	Feb-97	\$0	\$0	\$0	\$0	\$15,096
USA Waste Industries	Credit	Nov-94	Nov-99	\$9,764,121	\$0	\$9,764,121	\$46,786	\$180,899
Sanifill, Inc.	Credit	Oct-95	Oct-00	\$5,000,000	\$85,479	\$5,085,479	\$43,809	\$43,809
Pt. Loma College	Credit	Aug-96	Aug-00	\$25,000,000	\$369,863	\$25,369,863	\$105,030	\$255,971
City of Visalia (California)	Credit	Sep-96	Sep-01	\$3,490,000	\$72,286	\$3,562,286	\$5,762	\$26,802
Buck Research on Aging	Credit	Dec-96	Dec-99	\$27,500,000	\$397,808	\$27,897,808	\$139,528	\$231,953
LA Fairplex	Credit	Jul-97	Jul-00	\$17,900,000	\$698,224	\$18,598,224	\$85,771	\$85,771
San Diego Unified Port District (20)	Credit	Oct-97	Oct-02	\$35,000,000	\$1,365,243	\$36,365,243	\$19,498	\$19,498
San Diego Unified Port District (21)	Credit	Oct-97	Oct-02	\$15,000,000	\$585,104	\$15,585,104	\$6,998	\$6,998
Pasadena Parking Authority	Credit	Jan-98	Jan-03	\$9,909,167	\$0	\$9,909,167	\$0	\$0
Adventist West	Credit	Feb-98	Feb-05	\$114,500,000	\$1,693,973	\$116,193,973	\$5,000	\$5,000
CSCDA - IDB's								
Series 1994B								
Propak of California	Credit	Nov-94	Nov-00	\$3,210,000	\$71,763	\$3,281,763	\$2,606	\$40,159
J. Michelle/Edie Lee	Credit	Nov-94	Nov-00	\$2,840,000	\$63,492	\$2,903,492	\$2,624	\$42,809
Pasco Scientific	Credit	Dec-94	Dec-00	\$2,825,000	\$63,156	\$2,888,156	\$2,735	\$40,988
American River Packaging	Credit	Dec-94	Dec-00	\$1,765,000	\$39,459	\$1,804,459	\$1,776	\$25,285
Lance Camper Manuf.	Credit	Dec-94	Dec-00	\$3,835,000	\$85,736	\$3,920,736	\$3,649	\$49,070
CSCDA - IDB's								
Series 1989-90								
Intermountain Trading	Credit	Feb-95	Feb-01	\$320,000	\$7,154	\$327,154	\$969	\$6,288
Andercraft Products	Credit	Feb-95	Feb-01	\$850,000	\$19,003	\$869,003	\$3,128	\$19,911
Sunclipse. Inc.	Credit	Feb-95	Feb-01	\$3,200,000	\$71,540	\$3,271,540	\$6,181	\$34,603
Sunclipse, Inc.	Credit	Feb-95	Feb-01	\$2,135,000	\$47,730	\$2,182,730	\$4,243	\$26,205
Rapelli of California, Inc.	Credit	Mar-95	Mar-01	\$2,500,000	\$55,890	\$2,555,890	\$4,907	\$27,192

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AHNNN, Inc.	Expired.	Redeemed as of Sept-97.		\$0	\$0	\$0	\$970	\$9,416
Zarn, Inc.	Credit	Mar-95	Feb-01	\$970,000	\$21,685	\$991,685	\$2,547	\$18,462
Marcel & Marge Schurman	Credit	Mar-95	Feb-01	\$1,725,000	\$38,564	\$1,763,564	\$3,842	\$22,463
Charles & Loralie Harris	Credit	Mar-95	Feb-01	\$2,440,000	\$54,549	\$2,494,549	\$5,149	\$29,855
American Zettler	Credit	Mar-95	Mar-00	\$2,145,000	\$47,954	\$2,192,954	\$4,344	\$22,161
Aqua Serv Engineering	Credit	Mar-95	Mar-00	\$1,540,000	\$34,428	\$1,574,428	\$5,337	\$29,839
Contech Engineering Prod.	Credit	Mar-95	Mar-00	\$1,440,000	\$32,193	\$1,472,193	\$2,769	\$15,908
Evapco, Inc.	Credit	Mar-95	Mar-00	\$540,000	\$12,072	\$552,072	\$1,141	\$6,726
Florestone Products Co.	Credit	Mar-95	Mar-00	\$1,615,000	\$36,105	\$1,651,105	\$3,085	\$18,530
Grundfos Pumps Company	Credit	Mar-95	Mar-00	\$6,000,000	\$134,137	\$6,134,137	\$11,018	\$56,221
Instrument Specialities Co.	Credit	Mar-95	Mar-00	\$745,000	\$16,655	\$761,655	\$1,511	\$10,206
McCain Citrus	Credit	Mar-95	Mar-00	\$3,000,000	\$67,068	\$3,067,068	\$4,815	\$25,133
Mc Elroy Metal Mills, Inc.	Credit	Mar-95	Mar-00	\$660,000	\$14,755	\$674,755	\$1,358	\$9,863
NRI, Inc.	Credit	Mar-95	Mar-00	\$1,575,000	\$35,211	\$1,610,211	\$3,013	\$16,550
W & H Voortman, Inc.	Credit	Mar-95	Mar-00	\$2,520,000	\$56,338	\$2,576,338	\$4,306	\$22,466
Image Laboratories, Inc.	Expired.	Redeemed as of Dec-96.		\$0	\$0	\$0	\$0	\$26,854
Allwire, Inc.	Credit	Mar-95	Mar-00	\$330,000	\$7,378	\$337,378	\$1,228	\$6,904
Fairway Molds, Inc.	Credit	Mar-95	Mar-00	\$660,000	\$14,755	\$674,755	\$2,752	\$15,171
S & P Investments	Credit	Mar-95	Mar-00	\$1,250,000	\$27,945	\$1,277,945	\$2,947	\$16,177
Northwest Pipe & Casing	Credit	Apr-95	Apr-00	\$3,250,000	\$72,658	\$3,322,658	\$6,512	\$36,218
Reliance Upholstery	Credit	Apr-95	Apr-00	\$300,000	\$6,707	\$306,707	\$1,296	\$7,211
Zieman Manufacturing	Credit	Apr-95	Apr-00	\$455,000	\$10,172	\$465,172	\$1,428	\$7,473
CSCDA - IDB's								
Series 1995A								
Carvin Corporation	Credit	Jun-95	Jun-00	\$2,420,000	\$54,102	\$2,474,102	\$4,912	\$30,667
Leegin Creative Leather Prod.	Expired.	Redeemed as of Dec-97.		\$0	\$0	\$0	\$3,220	\$19,469
Kennerley-Spratling	Credit	Jun-95	Jun-00	\$3,065,000	\$68,522	\$3,133,522	\$6,085	\$36,642
Vantage Properties	Credit	Jun-95	Jun-00	\$1,690,000	\$37,782	\$1,727,782	\$3,584	\$20,627
BNG Properties, LLC	Expired.	Redeemed as of Aug-96.		\$0	\$0	\$0	\$0	\$12,253
Staub Metals, Inc.	Credit	Aug-95	Jun-00	\$1,280,000	\$28,616	\$1,308,616	\$2,980	\$18,017
Aerostar Partners, Inc.	Credit	Sep-95	Sep-00	\$4,645,000	\$103,844	\$4,748,844	\$8,974	\$42,000
Walker Spring and Stamping Corp.	Credit	Sep-95	Sep-00	\$3,640,000	\$81,376	\$3,721,376	\$7,140	\$33,919
Encore Video, Inc.	Credit	Sep-95	Sep-00	\$780,000	\$17,438	\$797,438	\$1,770	\$8,627

EuroDesign Cabinets, Inc.	Credit	Sep-95	Sep-00	\$1,040,000	\$23,250	\$1,063,250	\$2,274	\$11,451
South Bay Circuits, Inc.	Credit	Sep-95	Sep-00	\$1,950,000	\$43,595	\$1,993,595	\$3,938	\$19,372
W & H Voortman, Inc.	Credit	Sep-95	Sep-00	\$1,080,000	\$24,145	\$1,104,145	\$2,301	\$11,026
Red Line Oil Co.	Credit	Nov-95	Nov-00	\$1,095,000	\$24,480	\$1,119,480	\$2,733	\$13,350
Johansen Dielectics	Credit	Nov-95	Nov-00	\$2,700,000	\$60,362	\$2,760,362	\$5,549	\$28,081
Peet's Coffee	Credit	Dec-95	Dec-00	\$3,500,000	\$78,247	\$3,578,247	\$6,966	\$30,823
Safariland	Credit	Sep-96	Sep-01	\$4,000,000	\$82,849	\$4,082,849	\$8,732	\$16,933
Control Air Conditioning	Credit	Jun-97	Jun-00	\$5,000,000	\$111,781	\$5,111,781	\$16,454	\$24,090
CSCDA - IDB Series 1996M								
Cordeiro Vault Co., Inc.	Credit	Dec-96	Dec-00	\$1,130,000	\$25,262	\$1,155,262	\$2,949	\$7,326
CSCDA - IDB Series 1996M								
Fibrebond West, Inc.	Credit	Dec-96	Dec-00	\$8,000,000	\$178,849	\$8,178,849	\$15,151	\$40,851
Confirmation #1								
Suncreek Apts.	Credit	Apr-96	Apr-01	\$6,800,000	\$78,247	\$6,878,247	\$26,271	\$93,638
Confirmation #2								
CMIG LLC	Credit	Nov-97	Nov-00	\$1,000,000	\$14,795	\$1,014,795	\$1,500	\$1,500
Confirmation #3								
Monrovia Redevelopment Agency	Credit	Jan-98	Jan-01	\$8,600,000	\$229,727	\$8,829,727	\$15,270	\$15,270
TOTAL:				\$458,118,287	\$7,901,503	\$466,019,790	\$743,174	\$2,271,712

note: aerostar #9 commitment: 4,895,000 as of nov 5, 1996

STRS CREDIT ENHANCEMENT PROGRAM
BANK EXPOSURE
PROGRAM SUMMARY AS OF MARCH 16, 1998

Attachment 2
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Deal	Commitment	Interest	Total	Portfolio Percentage
PARTNER INSTITUTION				
Port of Long Beach				
Canadian Imperial Bank of Commerce (CIBC)	\$75,000,000	\$0	\$75,000,000	16.37%
Buck Research Center on Aging (CIBC)	\$27,500,000	\$397,808	\$27,897,808	6.00%
USA Waste Industries				
Bank of California	\$9,764,121	\$0	\$9,764,121	2.13%
Sanifill, Inc.				
Texas Commerce Bank	\$5,000,000	\$85,479	\$5,085,479	1.09%
San Diego Unified Port District (CIBC)	\$35,000,000	\$1,365,243	\$36,365,243	7.64%
San Diego Unified Port District (CIBC)	\$15,000,000	\$585,104	\$15,585,104	3.27%
Pasadena Parking Authority (CIBC)	\$9,909,167	\$0	\$9,909,167	2.16%
Adventist West (MBIA)	\$114,500,000	\$1,693,973	\$116,193,973	24.99%
DIRECT BANK EXPOSURE				
<u>Letter of Credit Bank:</u>				
Union Bank of California, N.A.	\$36,135,000	\$807,840	\$36,942,840	7.89%
Long Term Cr Bank of Japan	\$25,000,000	\$369,863	\$25,369,863	5.46%
Tokai Bank	\$17,900,000	\$698,224	\$18,598,224	3.91%
Bank of America	\$16,655,000	\$372,342	\$17,027,342	3.64%
Wells Fargo Bank	\$8,840,000	\$197,628	\$9,037,628	1.93%
First Commerce Bank	\$8,000,000	\$178,849	\$8,178,849	1.75%
Bank of Nova Scotia	\$6,600,000	\$147,551	\$6,747,551	1.44%
Imperial Bank of California	\$4,000,000	\$82,849	\$4,082,849	0.87%
The Fuji Bank, Limited	\$3,490,000	\$72,286	\$3,562,286	0.76%
Istituto Bancario San Paolo Di Torino Spa	\$2,500,000	\$55,890	\$2,555,890	0.55%
City National Bank	\$2,390,000	\$53,431	\$2,443,431	0.52%
Comerica Bank	\$1,950,000	\$43,595	\$1,993,595	0.43%
Mellon Bank	\$1,440,000	\$32,193	\$1,472,193	0.31%
Fleet Bank	\$1,280,000	\$28,616	\$1,308,616	0.28%
Societe Generale	\$970,000	\$21,685	\$991,685	0.21%
CoreStates Bank	\$745,000	\$16,655	\$761,655	0.16%
National Bank of Canada	\$660,000	\$14,755	\$674,755	0.14%
1st Business Bank	\$660,000	\$14,755	\$674,755	0.14%
NationsBank	\$540,000	\$12,072	\$552,072	0.12%
Sanwa Bank of California	\$10,290,000	\$230,045	\$10,520,045	2.25%
Suncreek Apts. (Confirmation #1)				
US Bank of California	\$6,800,000	\$78,247	\$6,878,247	1.48%
CMIG LLC (Confirmation #2)				
Santa Barbara Bank and Trust	\$1,000,000	\$14,795	\$1,014,795	0.22%
Monrovia Redevelopment Agency (Confirmation #3)				
General Bank	\$8,600,000	\$229,727	\$8,829,727	1.88%
Total Bank Exposure	\$458,118,287	\$7,901,503	\$466,019,790	100.00%